

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6789

BILL NUMBER: SB 186

NOTE PREPARED: Jan 16, 2004

BILL AMENDED:

SUBJECT: Internet Gambling.

FIRST AUTHOR: Sen. Ford

FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill makes it a Class D felony for an operator of an Internet site to knowingly or intentionally use the Internet to engage in unlawful gambling or professional gambling. The bill provides that interactive computer services have a cause of action against a person who initiates or assists in the transmission of a commercial electronic mail message that violates the prohibition against using the Internet to engage in unlawful gambling.

Effective Date: July 1, 2004.

Explanation of State Expenditures: This bill establishes that knowingly or intentionally using the Internet to engage in unlawful gambling in Indiana or with a person located in Indiana is a Class D felony. Additionally, the bill makes it a Class D felony to knowingly or intentionally use the Internet to engage in pool-selling, bookmaking, maintaining gaming sites, conducting lotteries, any banking or percentage games, or to accept money or other property risked in gambling.

Under current law, unlawful gambling is a Class B misdemeanor. However, current law does not specifically address gambling over the Internet.

Penalty Provision: A Class D felony is punishable by a prison term ranging from six months to three years or reduction to Class A misdemeanor depending upon mitigating and aggravating circumstances. Assuming offenders can be housed in existing facilities with no additional staff, the average cost for medical care, food, and clothing is approximately \$1,825 annually, or \$5 daily, per prisoner. However, any additional expenditures are likely to be small. The average length of stay in Department of Correction (DOC) facilities for all Class D felony offenders is approximately ten months.

Attorney General Impact: The Office of the Attorney General would be required to maintain a repository of notices sent by prosecuting attorneys or the Attorney General to the operators of illegal gambling sites. This provision could require that the Office increase the workload of an attorney and secretary to maintain the notice repository.

The funds and resources required above could be supplied through a variety of sources, including the following: (1) Existing staff and resources not currently being used to capacity; (2) Existing staff and resources currently being used in another program; (3) Authorized, but vacant, staff positions, including those positions that would need to be reclassified; (4) Funds that, otherwise, would be reverted; or (5) New appropriations. As of December 8, 2003, there were 56 vacant positions in the Attorney General's Office. Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend upon legislative and administrative actions.

Explanation of State Revenues: *Penalty Provision:* The bill provides that a computer service that handles an email message that violates the bill's provisions may seek court action and presumptive damages from the offending person. If additional civil actions occur, revenue to the state General Fund may increase if court fees are collected. A civil filing fee of \$100 would be assessed when a civil case is filed. 70% of the filing fee would be deposited in the state General Fund if the case is filed in a court of record or 55% if the case is filed in a city or town court.

If additional criminal court cases occur and fines are collected, revenue to both the Common School Fund (from criminal fines) and the state General Fund (from court fees) would increase. The maximum fine for a Class D felony is \$10,000. However, any additional revenues would likely be small.

Explanation of Local Expenditures: *Penalty Provision:* If more defendants are detained in county jails prior to their court hearings, local expenditures for jail operations may increase. However, any additional expenditures would likely be small.

Explanation of Local Revenues: *Penalty Provision:* If additional court actions occur, local governments would receive revenue from court fees. However, the amounts would likely be small.

State Agencies Affected: Department of Correction.

Local Agencies Affected: Trial courts, local law enforcement agencies.

Information Sources:

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